

Aplington-Parkersburg Community School District

**Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings**

June 30, 2011

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Aplington-Parkersburg Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kevin Schipper	President	2013
Melody Nevenhoven	Vice President	2011
Tom Manifold	Board Member	2013
Jill Kalkwarf	Board Member	2011
Calvin Voss	Board Member	2011
School Officials		
Jon Thompson	Superintendent	2011
Patricia Gosch	District Business Manager	2011
Melinda Muller	Board Secretary	2011
Klinkenborg, Hansmann & Peterson	Attorney	2011

Independent Auditor's Report

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District, Parkersburg, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

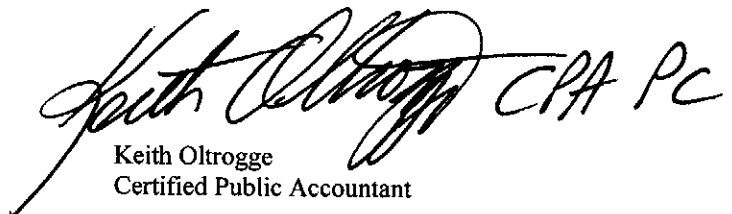
I conducted my audit in accordance with US generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with US generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated January 26, 2012 on my consideration of Aplington-Parkersburg Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 35 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aplington-Parkersburg Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by US Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

January 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Aplington-Parkersburg Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,074,363 in fiscal 2010 to \$7,508,354 in fiscal 2011, while General Fund expenditures decreased from \$7,354,168 in fiscal 2010 to \$7,346,206 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$785,415 in fiscal 2010 to \$936,182 in fiscal 2011, a 19.2% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in State revenue. The increase in expenditures was due primarily to an increase in student services.
- The District's solvency ratio has decreased from 6.9% at June 30, 2010 to 6.6% at June 30, 2011. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Aplington-Parkersburg Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Aplington-Parkersburg Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Aplington-Parkersburg Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Aplington-Parkersburg Community School District Annual Financial Report

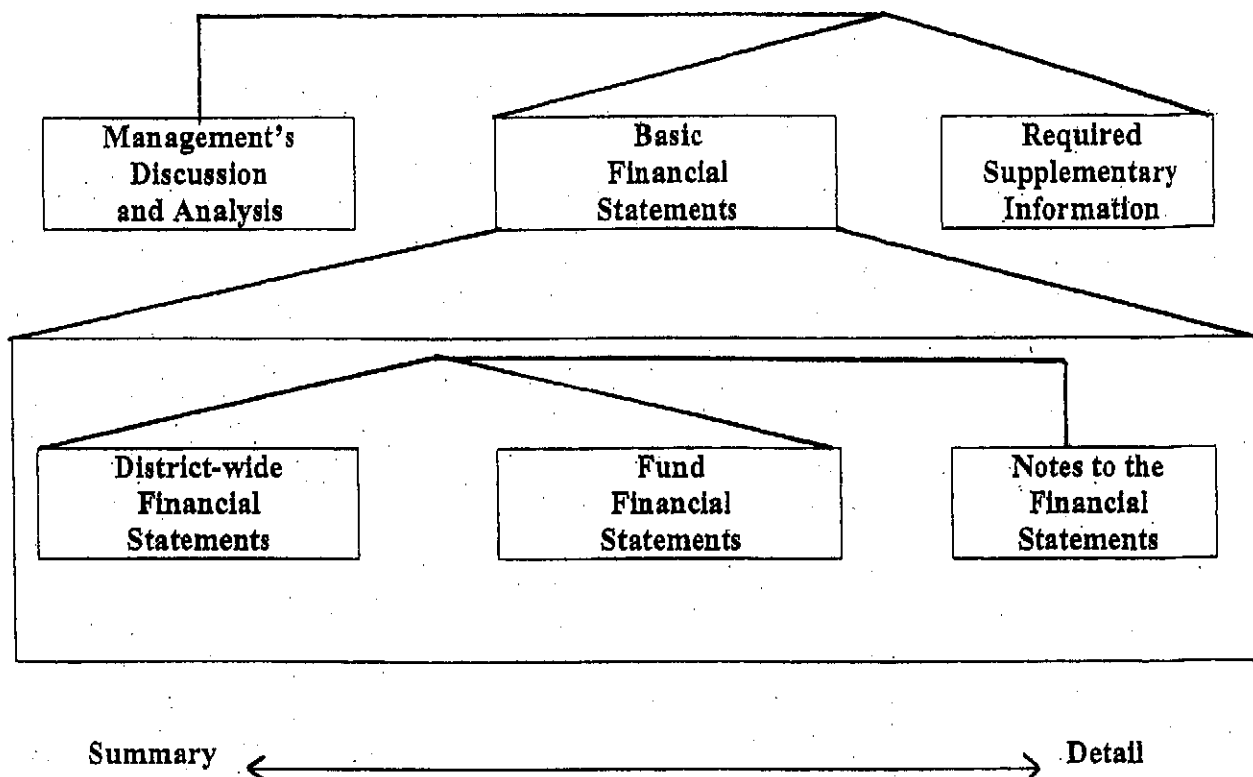


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and Before and After School Program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Before and After School Program Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	\$6,220,663	\$5,541,487	\$69,736	\$58,162	\$6,290,399	\$5,599,649	12.3%
Capital assets	22,369,295	23,170,157	10,718	10,503	22,380,013	23,180,660	-3.5%
Total assets	\$28,589,958	\$28,711,644	\$80,454	\$68,665	\$28,670,412	\$28,780,309	-0.4%
Long-term liabilities	\$9,070,802	\$9,377,291	\$-	\$-	\$9,070,802	\$9,377,291	-3.3%
Other liabilities	4,495,421	4,166,853	16,417	15,070	4,511,838	4,181,923	7.9%
Total liabilities	\$13,566,223	\$13,544,144	\$16,417	\$15,070	\$13,582,640	\$13,559,214	1.7%
Net assets:							
Invested in capital assets, net of related debt	\$13,389,295	\$13,865,157	\$10,718	\$10,503	\$13,400,013	\$13,875,660	-3.4%
Restricted	2,053,670	1,338,314	-	-	2,053,670	1,338,314	53.5%
Unrestricted	-419,230	-35,971	53,319	43,092	-365,911	7,121	-51.4%
Total net assets	\$15,023,735	\$15,167,500	\$64,037	\$53,595	\$15,087,772	\$15,221,095	-8.8%

The District's combined net assets decreased by 8.8%, or approximately \$133,000, from the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$715,000, or 53.5% over the prior year. The increase was primarily due to reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$373,000, or 51.4%. The decrease in unrestricted net assets was primarily due to reclassification of restricted net assets.

Figure A-4 shows the change in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4 Changes in Net Assets							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for service	\$763,941	\$744,903	\$266,787	\$240,666	\$1,030,728	\$985,569	4.6%
Operating grants, contributions and restricted interest	1,368,315	1,369,749	193,952	164,490	1,562,267	1,534,239	1.8%
Capital grants, contributions and restricted interest	39,629	1,740,172	-	-	39,629	1,740,172	-4,391.1%
General revenues:							
Property tax	3,240,391	3,098,689	-	-	3,240,391	3,098,689	4.6%
Statewide sales, service and use tax	584,845	394,441	-	-	584,845	394,441	48.3%
Unrestricted state grants	3,015,593	2,604,149	-	-	3,015,593	2,604,149	15.8%
Unrestricted investment earnings	15,143	18,751	125	140	15,268	18,891	-19.2%
Other	24,960	220,189	-	-	24,960	220,189	-882.2%
Total revenues	\$9,052,817	\$10,191,043	\$460,864	\$405,296	\$9,513,681	\$10,596,339	-10.2%
Program expenses:							
Governmental activities:							
Instruction	\$6,042,245	\$6,306,317	\$-	\$-	\$6,042,245	\$6,306,317	-4.2%
Support services	2,271,322	2,117,799	-	-	2,271,322	2,117,799	7.2%
Non-instructional programs	21,474	17,027	450,422	406,704	471,896	423,731	11.4%
Other expenses	850,161	145,858	-	-	850,161	145,858	582.9%
Total expenses	\$9,185,202	\$8,587,001	\$450,422	\$406,704	\$9,635,624	\$8,993,705	7.1%
Change in net assets	-\$132,385	\$1,604,042	\$10,442	-\$1,408	-\$121,943	\$1,602,634	-1,314.2%

In fiscal year 2011, property tax and unrestricted state grants account for 69% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$9.5 million, of which approximately \$9.0 million was for governmental activities and less than \$0.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 10.2% decrease in revenues and a 7.1% increase in expenses. Property tax increased approximately \$142,000. The increase in expenses is related to an increase in other expenses and support services.

Governmental Activities

Revenues for governmental activities were \$9,052,817 and expenses were \$9,185,202 for the year ended June 30, 2011. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$6,042,245	\$6,306,317	-4.2%	\$4,006,069	\$4,266,766	-6.1%
Support services	2,271,322	2,117,799	7.2%	2,175,242	2,042,698	6.5%
Non-instructional programs	21,474	17,027	26.1%	21,474	17,027	26.1%
Other expenses	850,161	145,858	482.9%	810,532	-1,594,314	967.0%
Totals	\$9,185,202	\$8,587,001	7.0%	\$7,013,317	\$4,732,177	48.2%

- The cost financed by users of the District's programs was \$1,030,728.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,562,267.
- The net cost of governmental activities was financed with \$3,825,236 in property and other taxes and \$3,015,593 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$460,864 and expenses were \$450,422. The District's business type activities include the School Nutrition Fund and Before and After School Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Aplington-Parkersburg Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$15,023,735, below last year's ending fund balances of \$15,067,500.

Governmental Fund Highlights

- The General Fund balance increased from \$785,415 to \$936,182, due in part to the increase in state revenue.
- Capital Projects Funds:
 - Capital Projects – Statewide Sales, Services and Use Tax Fund balance increased from \$785,415 to \$936,182, due to the increase in local taxes collected.
 - Capital Projects – Physical Plant and Equipment Fund balance increased from \$60,824 to \$89,613, due to the decrease in expenditures over the increase in revenue.
- The Debt Service Fund balance increased by \$46,917 due to the operating transfer from Capital Projects – Statewide Sales, Services and Use Tax.
- Disaster Recovery Fund balance decreased by \$126,952 due to expenditures for the new school.

Proprietary Fund Highlights

- School Nutrition Fund net assets increased from \$50,241 at June 30, 2010 to \$58,238 at June 30, 2011, representing an increase of approximately 15.9%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$749,465 less than budgeted receipts, a variance of 7.3%. The most significant variance resulted from the District receiving less in federal revenue than originally anticipated.

The Districts total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services and non-instructional programs functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$22.38 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 3.6% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$934,755.

The original cost of the District's capital assets was \$29.28 million. Governmental funds account for \$29.23 million, with the remainder of \$.05 million accounted for in the Proprietary, School Nutrition Fund.

The District had a new appraisal done on capital assets this year due to the 2008 tornado and the construction of the new high school. This appraisal resulted in a decrease in the furniture and equipment category.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$119,065	\$119,065	\$-	\$-	\$119,065	\$119,065	-
Buildings	20,133,540	20,217,490	-	-	20,133,540	20,217,490	-4.2%
Improvements other than buildings	798,603	751,064	-	-	798,603	751,064	6.3%
Furniture and equipment	1,318,087	2,082,538	10,718	10,503	1,328,805	2,093,041	-57.5%
Totals	\$22,369,295	\$23,170,157	\$10,718	\$10,503	\$22,380,013	\$23,180,660	-3.6%

Long-Term Debt

At June 30, 2011, the District had \$8,980,000 in long-term debt outstanding. This represents a decrease of approximately 3.5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$17.8 million.

Figure A-7
Outstanding Long-term Obligations

	Total District	Total Change
	June 30,	June 30,
	2011	2010
General obligation bonds	\$3,200,000	\$3,420,000
Revenue bond	5,780,000	5,885,000
Totals	\$8,980,000	\$9,305,000

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District continues to be financially dependent on state funding, which can change from year to year based on enrollments and legislative actions.
- The District continues to budget for building repairs and equipment replacement as the need arises.
- The District is in the process of a second appeal with FEMA for revisions/de-obligations to previously approved projects following the May 25, 2008 tornado. The District may be required to repay approximately \$975,000 to FEMA. The first appeal was denied. FEMA plans to de-obligate funds previously approved on the temporary facilities project completed in November 2011. The District will continue to work with legislative representatives to help with the second appeal.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jon Thompson, Superintendent, Aplington-Parkersburg Community School District, 610 North Johnson Road, Parkersburg, IA 50665.

Basic Financial Statements

Aplington-Parkersburg Community School District

Statement of Net Assets

June 30, 2011

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,173,291	\$ 62,461	\$ 2,235,752
Receivables:			
Property tax:			
Delinquent	37,597	-	37,597
Succeeding year	3,293,925	-	3,293,925
Accounts	86,437	98	86,535
Due from other governments	561,466	-	561,466
Net OPEB prepaid liability	67,947	-	67,947
Inventories	-	7,177	7,177
Capital assets, net of accumulated depreciation	22,369,295	10,718	22,380,013
Total Assets	\$ 28,589,958	\$ 80,454	\$ 28,670,412
Liabilities			
Intergovernmental payable	\$ 575	\$ -	\$ 575
Accounts payable	140,765	45	140,810
Salaries and benefits payable	656,604	9,547	666,151
Accrued interest payable	155,978	-	155,978
Deferred Revenue:			
Succeeding year	3,293,925	-	3,293,925
Other	247,574	6,825	254,399
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	220,000	-	220,000
Revenue bonds	155,000	-	155,000
Early retirement	12,403	-	12,403
Portion due after one year:			
General obligation bonds	2,980,000	-	2,980,000
Revenue bonds	5,625,000	-	5,625,000
Early retirement	78,399	-	78,399
Total Liabilities	\$ 13,566,223	\$ 16,417	\$ 13,582,640
Net Assets			
Invested in capital assets, net of related debt	\$ 13,389,295	\$ 10,718	\$ 13,400,013
Restricted for:			
Categorical funding	451,182	-	451,182
Management levy purposes	40,844	-	40,844
Physical plant and equipment	89,613	-	89,613
Student activities	150,012	-	150,012
Debt service	880,791	-	880,791
Capital projects	441,228	-	441,228
Unrestricted	-419,230	53,319	-365,911
Total Net Assets	\$ 15,023,735	\$ 64,037	\$ 15,087,772

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,076,608	\$ 358,525	\$ 1,181,682	\$ -
Special instruction	817,682	46,695	167,908	-
Other instruction	1,147,955	270,645	10,721	-
	<u>\$ 6,042,245</u>	<u>\$ 675,865</u>	<u>\$ 1,360,311</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 184,063	\$ -	\$ 5,187	\$ -
Instructional staff services	187,098	-	-	-
Administration services	716,105	-	-	-
Operation and maintenance of plant services	747,681	24,205	-	-
Transportation services	436,375	63,871	2,817	-
	<u>\$ 2,271,322</u>	<u>\$ 88,076</u>	<u>\$ 8,004</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ 21,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 94,324	\$ -	\$ -	\$ 39,629
Long-term debt interest	424,695	-	-	-
AEA flow-through	331,142	-	-	-
	<u>\$ 850,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,629</u>
Total Governmental Activities	<u>\$ 9,185,202</u>	<u>\$ 763,941</u>	<u>\$ 1,368,315</u>	<u>\$ 39,629</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 438,325	\$ 252,249	\$ 193,952	\$ -
Before & After School Program fees	12,097	14,538	-	-
	<u>\$ 450,422</u>	<u>\$ 266,787</u>	<u>\$ 193,952</u>	<u>\$ -</u>
Total	<u>\$ 9,635,624</u>	<u>\$ 1,030,728</u>	<u>\$ 1,562,267</u>	<u>\$ 39,629</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-2,536,401	\$	-	\$ -2,536,401
	-603,079		-	-603,079
	-866,589		-	-866,589
\$	-4,006,069	\$	-	\$ -4,006,069
\$	-178,876	\$	-	\$ -178,876
	-187,098		-	-187,098
	-716,105		-	-716,105
	-723,476		-	-723,476
	-369,687		-	-369,687
\$	-2,175,242	\$	-	\$ -2,175,242
\$	-21,474		-	\$ -21,474
\$	-54,695	\$	-	\$ -54,695
	-424,695		-	-424,695
	-331,142		-	-331,142
\$	-810,532	\$	-	\$ -810,532
\$	-7,013,317	\$	-	\$ -7,013,317
\$	-	\$	7,876	\$ 7,876
	-		2,441	2,441
\$	-	\$	10,317	\$ 10,317
\$	-7,013,317	\$	10,317	\$ -7,003,000

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2011

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			
General Revenues:			
Property Tax Levied For:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, service and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets			
Net assets beginning of year			
Prior period adjustment			
Adjusted net assets beginning of year			
Net Assets End of Year			

See notes to financial statements.

Net (Expense) Revenue And Changes in Net Assets				
Governmental Activities		Business Type Activities	Total	
\$	2,820,175	\$ -	\$	2,820,175
	350,699	-		350,699
	69,517	-		69,517
	584,845	-		584,845
	3,015,593	-		3,015,593
	15,143	125		15,268
	24,960	-		24,960
\$	6,880,932	\$ 125	\$	6,881,057
\$	-132,385	\$ 10,442	\$	-121,943
\$	15,167,500	\$ 53,595	\$	15,221,095
	-11,380	-		-11,380
\$	15,156,120	\$ 53,595	\$	15,209,715
\$	15,023,735	\$ 64,037	\$	15,087,772

Aplington-Parkersburg Community School District

**Balance Sheet
Governmental Funds**

June 30, 2011

	<u>Capital</u>		
	General	Debt Service	Capital Projects
Assets			
Cash and Pooled Investments	\$ 698,735	\$ 876,556	\$ 263,478
Receivables:			
Property Tax:			
Delinquent	29,349	4,235	840
Succeeding year	2,621,604	345,101	77,219
Interfund	765,691	-	26,416
Accounts	86,262	-	-
Due from other governments	321,359	-	240,107
Total Assets	\$ 4,523,000	\$ 1,225,892	\$ 608,060
Liabilities and Fund Balances			
Liabilities:			
Interfund payable	\$ 26,416	\$ -	\$ -
Intergovernmental payable	575	-	-
Accounts payable	57,262	-	-
Salaries and benefits payable	633,387	-	-
Deferred Revenue:			
Other	247,574	-	-
Succeeding year property tax	2,621,604	345,101	77,219
Total Liabilities	\$ 3,586,818	\$ 345,101	\$ 77,219
Fund Balances:			
Restricted for:			
Categorical funding	\$ 451,182	\$ -	\$ -
Debt service	-	379,181	-
Debt service-sinking fund	-	501,610	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	441,228
Physical plant and equipment	-	-	89,613
Unassigned	485,000	-	-
Total Fund Balance	\$ 936,182	\$ 880,791	\$ 530,841
Total Liabilities and Fund Balances	\$ 4,523,000	\$ 1,225,892	\$ 608,060

See notes to financial statements.

Projects			
Disaster Recovery Tornado	Non-major Funds	Total	
\$ 31,969	\$ 302,553	\$	2,173,291
-	3,173		37,597
-	250,001		3,293,925
-	-		792,107
-	175		86,437
-	-		561,466
\$ 31,969	\$ 555,902	\$	6,944,823
\$ 765,691	\$ -	\$	792,107
-	-		575
82,477	1,026		140,765
-	23,217		656,604
-	-		247,574
-	250,001		3,293,925
\$ 848,168	\$ 274,244	\$	5,131,550
\$ -	\$ -	\$	451,182
-	-		379,181
-	-		501,610
-	131,646		131,646
-	150,012		150,012
-	-		441,228
-	-		89,613
-816,199	-		-331,199
\$ -816,199	\$ 281,658	\$	1,813,273
\$ 31,969	\$ 555,902	\$	6,944,823

Aplington-Parkersburg Community School District
Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds (page 16)	\$ 1,813,273
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	22,369,295
Other long-term assets are not available to pay current period expenditures and therefore, are deferred in the governmental funds	67,947
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-155,978
Long-term liabilities, including early retirement and capital lease, are not due and payable in the current period and, therefore, are not reported in the funds	-9,070,802
Net assets of governmental activities (page 13)	<u>\$ 15,023,735</u>

See notes to financial statements.

Aplington-Parkersburg Community School District

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

Year Ended June 30, 2011

			<u>Capital</u>	
	General	Debt Service	Capital Projects	
Revenues:				
Local Sources:				
Local tax	\$ 2,570,346	\$ 350,699	\$	654,362
Tuition	379,206	-		-
Other	175,302	149		3,337
Intermediate sources	-	-		-
State sources	3,942,332	212		42
Federal sources	441,168	-		-
Total Revenues	<u>\$ 7,508,354</u>	<u>\$ 351,060</u>	<u>\$</u>	<u>657,741</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,416,869	\$ -	\$	-
Special instruction	817,305	-		-
Other instruction	749,158	-		-
	<u>\$ 4,983,332</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>
Support Services:				
Student services	\$ 182,141	\$ -	\$	-
Instructional staff services	179,476	-		10,419
Administration services	696,141	-		-
Operation and maintenance of plant services	651,240	-		16,875
Transportation services	322,734	-		-
	<u>\$ 2,031,732</u>	<u>\$ -</u>	<u>\$</u>	<u>27,294</u>
Non-instructional programs	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>
Other Expenditures:				
Facilities acquisition	\$ -	\$ -	\$	14,668
Long-Term Debt:				
Principal	-	325,000		-
Interest and fiscal charges	-	429,305		-
AEA flow-through	331,142	-		-
	<u>\$ 331,142</u>	<u>\$ 754,305</u>	<u>\$</u>	<u>14,668</u>
Total Expenditures	<u>\$ 7,346,206</u>	<u>\$ 754,305</u>	<u>\$</u>	<u>41,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 162,148</u>	<u>\$ -403,245</u>	<u>\$</u>	<u>615,779</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ 450,162	\$	-450,162
Net change in fund balances	\$ 162,148	\$ 46,917	\$	165,617
Fund balances beginning of year, as restated	\$ 785,415	\$ 833,874	\$	365,224
Prior period adjustment	-11,381	-		-
Adjusted fund balances beginning of year, as restated	<u>\$ 774,034</u>	<u>\$ 833,874</u>	<u>\$</u>	<u>365,224</u>
Fund Balances End of Year	<u>\$ 936,182</u>	<u>\$ 880,791</u>	<u>\$</u>	<u>530,841</u>

See notes to financial statements.

Projects			
Disaster		Non-Major	
Recovery		Funds	Total
Tornado			
\$ -	\$ 249,829	\$ 3,825,236	
-	-	379,206	
-	246,050	424,838	
-	-	-	
-	154	3,942,740	
39,629	-	480,797	
\$ 39,629	\$ 496,033	\$ 9,052,817	

\$ 509	\$ 61,559	\$ 3,478,937	
-	-	817,305	
-	258,426	1,007,584	
\$ 509	\$ 319,985	\$ 5,303,826	

\$ -	\$ -	\$ 182,141	
-	-	189,895	
7,657	-	703,798	
-	70,240	738,355	
-	17,182	339,916	
\$ 7,657	\$ 87,422	\$ 2,154,105	
\$ -	\$ 9,925	\$ 9,925	

\$ 158,415	\$ -	\$ 173,083	
-	-	325,000	
-	-	429,305	
-	-	331,142	
\$ 158,415	\$ -	\$ 1,258,530	
\$ 166,581	\$ 417,332	\$ 8,726,386	

\$ -126,952	\$ 78,701	\$ 326,431	
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\$ -	\$ -	\$ -	
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\$ -126,952	\$ 78,701	\$ 326,431	
\$ -689,247	\$ 202,956	\$ 1,498,222	
-	1	-11,380	
\$ -689,247	\$ 202,957	\$ 1,486,842	
\$ -816,199	\$ 281,658	\$ 1,813,273	

Aplington-Parkersburg Community School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities**

Year Ended June 30, 2011

Net change in fund balances – total governmental funds (page 18) \$ 326,431

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 204,014	
Depreciation expense	-930,703	
Appraisal Adjustment	<u>-74,173</u>	-800,862

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are, as follows:

Repaid	325,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

4,610

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ -18,511	
Other postemployment benefits	<u>30,947</u>	12,436

Change in Net Assets of Governmental Activities (page 15) \$ -132,385

Aplington-Parkersburg Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2011

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Assets			
Cash and cash equivalents	\$ 56,662	\$ 5,799	\$ 62,461
Receivables:			
Accounts	98	-	98
Inventories	7,177	-	7,177
Capital assets, net of accumulated depreciation	10,718	-	10,718
Total Assets	\$ 74,655	\$ 5,799	\$ 80,454
Liabilities			
Accounts payable	\$ 45	\$ -	\$ 45
Salaries and benefits payable	9,547	-	9,547
Deferred revenue	6,825	-	6,825
Total Liabilities	\$ 16,417	\$ -	\$ 16,417
Net Assets			
Invested in capital assets, net of related debt	\$ 10,718	\$ -	\$ 10,718
Unrestricted	47,520	5,799	53,319
Total Net Assets	\$ 58,238	\$ 5,799	\$ 64,037

See notes to financial statements.

Aplington-Parkersburg Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year Ended June 30, 2011

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 252,249	\$ 14,538	\$ 266,787
Operating expenses:			
Non-instructional programs:			
Salaries	\$ 144,653	\$ 9,763	\$ 154,416
Benefits	27,660	1,421	29,081
Purchased services	4,742	-	4,742
Supplies	257,093	913	258,006
Depreciation	4,052	-	4,052
Other	125	-	125
Total operating expenses	\$ 438,325	\$ 12,097	\$ 450,422
Operating (loss) income	\$ -186,076	\$ 2,441	\$ -183,635
Non-operating revenues:			
State sources	\$ 4,007	\$ -	\$ 4,007
Federal sources	189,945	-	189,945
Interest income	121	4	125
Total non-operating revenues	\$ 194,073	\$ 4	\$ 194,077
Change in net assets	\$ 7,997	\$ 2,445	\$ 10,442
Net assets beginning of year	50,241	3,354	53,595
Net Assets End of Year	\$ 58,238	\$ 5,799	\$ 64,037

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2011

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 14,538	\$ 14,538
Cash received from sale of lunches and breakfasts	252,892	-	252,892
Cash paid to employees for services	-171,298	-11,184	-182,482
Cash paid to suppliers for goods or services	-260,742	-913	-261,655
Net cash used by operating activities	\$ -179,148	\$ 2,441	\$ -176,707
Cash flows from non-capital financing activities:			
State grants received	\$ 4,007	\$ -	\$ 4,007
Federal grants received	154,372	-	154,372
Cash in lieu of commodities	31,826	-	31,826
Net cash provided by non-capital financing activities	\$ 190,205	\$ -	\$ 190,205
Cash flows from capital and related financing activities:			
Acquisition of capital assets	\$ -4,267	\$ -	\$ -4,267
Cash flows from investing activities:			
Interest on investments	\$ 121	\$ 4	\$ 125
Net increase (decrease) in cash and cash equivalents	\$ 6,911	\$ 2,445	\$ 9,356
Cash and cash equivalents beginning of year	49,751	3,354	53,105
Cash and Cash Equivalents End of Year	\$ 56,662	\$ 5,799	\$ 62,461
Reconciliation of operating loss to net cash used by operating activities:			
Operating (loss) income	\$ -186,076	\$ 2,441	\$ -183,635
Adjustments to reconcile operating loss to net cash used by operating activities:			
Commodities used	3,746	-	3,746
Depreciation	4,052	-	4,052
(Increase) Decrease in inventories	-2,573	-	-2,573
(Increase) Decrease in accounts receivable	355	-	355
Increase (Decrease) in salaries and benefits payable	1,015	-	1,015
Increase (Decrease) in deferred revenue	288	-	288
Increase (Decrease) in accounts payable	45	-	45
Net Cash Used by Operating Activities	\$ -179,148	\$ 2,441	\$ -176,707

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$3,746 of federal commodities.

See notes to financial statements.

Aplington-Parkersburg Community School District

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Aplington-Parkersburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Aplington and Parkersburg, Iowa and portions of the predominately agricultural territories in Butler and Grundy Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Aplington-Parkersburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Aplington-Parkersburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Funds accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenue to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Funds are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Disaster Recovery Fund is used to account for all resources used in the acquisition, construction and recovery of damaged assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Due From and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2011 is as follows:

Receivable	Payable	Amount
General Fund	Disaster Recovery	\$ 765,691
Capital Projects	General	26,416
		<u>\$ 792,107</u>

On May 6, 2010 the District issued an inter-fund note from the General Fund to the Disaster Recovery Fund at 1% interest rate until funds become available. The General Fund owes the Capital Projects fund for general fund expenditures paid out from Capital Projects funds in error. The funds were repaid.

(4) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	<u>\$ 450,162</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. A summary of the District's ISCAP activity for the year ended June 30, 2011, is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2010-11A	6/30/10	6/23/11	\$ -	\$ 550,000	\$ 550,000	\$ -

During the year ended June 30, 2011, the District paid \$664 of interest on the ISCAP warrants.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Appraisal Adjustment	Balance End Of Year
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 119,065	\$ -	\$ -	\$ -	\$ 119,065
Total capital assets not being depreciated	\$ 119,065	\$ -	\$ -	\$ -	\$ 119,065
Capital assets being depreciated:					
Buildings	\$ 23,747,407	\$ 125,081	\$ -	\$ 959,569	\$ 24,832,057
Improvements other than buildings	1,098,625	38,379	-	-	1,137,004
Furniture and equipment	5,449,247	40,554	-	-2,342,182	3,147,619
Total capital assets being depreciated	\$ 30,295,279	\$ 204,014	\$ -	\$ -1,382,613	\$ 29,116,680
Less accumulated depreciation for:					
Buildings	\$ 3,529,917	\$ 455,163	\$ -	\$ 713,437	\$ 4,698,517
Improvements other than buildings	347,561	77,017	-	-86,177	338,401
Furniture and equipment	3,366,709	398,523	-	-1,935,700	1,829,532
Total accumulated depreciation	\$ 7,244,187	\$ 930,703	\$ -	\$ -1,308,440	\$ 6,866,450
Total capital assets being depreciated, net	\$ 23,051,092	\$ -726,689	\$ -	\$ -74,173	\$ 22,250,230
Governmental Activities Capital Assets, Net	\$ 23,170,157	\$ -726,689	\$ -	\$ -74,173	\$ 22,369,295
Business type activities:					
Furniture and equipment	\$ 51,491	\$ 4,267	\$ 7,133	\$ -	\$ 48,625
Less accumulated depreciation	40,988	4,052	7,133	-	37,907
Business Type Activities Capital Assets, Net	\$ 10,503	\$ 215	\$ -	\$ -	\$ 10,718

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 630,952
Special	377
Other	149,258

Support services:

Administration	14,240
Operation and maintenance of plant services	27,041
Transportation	97,353

Non Instructional	11,482
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Total Depreciation Expense – Governmental Activities	\$ 930,703
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Business Type Activities:

Food service operations	\$ 4,052
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Before & After School	-
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Total Depreciation Expense – Business Type Activities	\$ 4,052
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(7) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
General obligation bonds	\$ 3,420,000	\$ -	\$ 220,000	\$ 3,200,000	\$ 220,000
Statewide sales, services and use tax revenue bonds	5,885,000	-	105,000	5,780,000	155,000
Early retirement	72,291	60,000	41,489	90,802	12,403
Total	\$ 9,377,291	\$ 60,000	\$ 366,489	\$ 9,070,802	\$ 247,403

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed ten years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. The early retirement incentive for each eligible employee approved by the Board will be \$6,000 yearly and will be applied toward the payment of health insurance premiums under the District's group insurance policy. This incentive will remain in effect until the employee reaches eligibility for Medicare. In the event the Medicare guidelines change, the District will limit this incentive to a maximum of ten years. Early retirement expenditures for the year ended June 30, 2011 totaled \$41,489.

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Refinanced June 4, 2008		
		Principal	Interest	Total
2012	2.95%	\$ 220,000	\$ 19,087	\$ 239,087
2013	3.25%	215,000	12,598	227,598
2014	3.40%	165,000	5,610	170,610
Total		\$ 600,000	\$ 37,295	\$ 637,295

General Obligation Bonds Payable

Year Ending June 30,	Interest Rate	Bond Issued June 1, 2009		
		Principal	Interest	Total
2012	3.75%	\$ -	\$ 106,013	\$ 106,013
2013	3.75%	-	106,012	106,012
2014	3.75%	-	106,013	106,013
2015	3.75%	120,000	106,012	226,012
2016	3.75%	125,000	101,513	226,513
2017	3.75%	135,000	96,825	231,825
2018	3.75%	140,000	91,762	231,762
2019	3.75%	145,000	86,513	231,513
2020	3.75%	155,000	81,075	236,075
2021	4.00%	160,000	75,262	235,262
2022	4.00%	170,000	68,863	238,863
2023	4.00%	180,000	62,062	242,062
2024	4.10%	185,000	54,863	239,863
2025	4.20%	195,000	47,277	242,277
2026	4.30%	205,000	39,088	244,088
2027	4.35%	215,000	30,272	245,272
2028	4.40%	230,000	20,920	250,920
2029	4.50%	240,000	10,800	250,800
Total		\$ 2,600,000	\$ 1,291,145	\$ 3,891,145

Statewide Sales, Services and Use Tax Revenue Bonds

Details of the District's June 30, 2011 Statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Issued May 1, 2010		
		Principal	Interest	Total
2012	4.50%	\$ 155,000	\$ 291,105	\$ 446,105
2013	4.50%	165,000	283,905	448,905
2014	4.50%	215,000	275,355	490,355
2015	4.50%	225,000	265,455	490,455
2016	4.50%	235,000	255,105	490,105
2017	4.50%	245,000	244,305	489,305
2018	4.50%	255,000	233,055	488,055
2019	4.50%	265,000	221,355	486,355
2020	4.75%	280,000	208,743	488,743
2021	5.00%	295,000	194,717	489,717
2022	5.10%	310,000	179,438	489,438
2023	5.20%	325,000	163,082	488,082
2024	5.25%	340,000	145,708	485,708
2025	5.30%	360,000	127,242	487,242
2026	5.40%	375,000	107,578	482,578
2027	5.50%	400,000	86,453	486,453
2028	5.60%	420,000	63,692	483,692
2029	5.65%	445,000	39,361	484,361
2030	5.70%	470,000	13,395	483,395
Total		\$ 5,780,000	\$ 3,399,049	\$ 9,179,049

The District has pledged future statewide sales, service and use tax revenues to repay the \$5,885,000 of bonds issued in May 2010. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, service and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,179,049.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- \$501,610 of the proceeds from the issuance of the revenue bonds must be deposited into a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2011.

Total principal, interest, and fees paid was \$754,305.

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the years ended June 30, 2011, 2010 and 2009. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$293,614, \$269,870, and \$260,006, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 71 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligations:

Annual required contribution	\$	65,000	
Interest on net OPEB obligation		-1,480	
Adjustment to annual required contribution		-1,467	
Annual OPEB cost	\$	62,053	
Contributions made		93,000	
Increase in net OPEB obligation	\$	-30,947	
Net OPEB obligation beginning of year		-37,000	
Net OPEB obligation end of year	\$	-67,947	*
*Prepaid OPEB liability			

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$445,332 to the medical plan. Plan members eligible for benefits contributed \$144,344, or 23.6% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$65,000	157%	-\$37,000
June 30, 2011	\$65,000	206%	-\$67,947

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$807,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$807,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,558,650 and the ratio of the UAAL to covered payroll was 23%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$460 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$331,142 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
At Risk	\$ 37,735
Gifted and Talented Programs	161,836
Dropout Prevention	91,314
Beginning Teacher Mentoring	1,640
Market Factor	4,604
Iowa Early Intervention	24,112
Core Curriculum	35,405
Professional Development	66,214
Preschool Grant	28,322
Total	<u>\$ 451,182</u>

(13) Subsequent Events

The District has evaluated subsequent events through January 26, 2012 which is the date that the financial statement were available to be issued.

(14) Prior Period Adjustment

The General Fund had a prior period adjustment of \$11,381 to the unreserved balance. The Management Fund had a prior period adjustment of \$1.

(15) Deficit Balances

The Disaster Recovery Tornado Fund had a deficit balance of \$816,199 at June 30, 2011. The deficit balance was a result of cost incurred exceeding available revenue.

(16) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 304,400	\$ 60,824
Change in fund type classification per implementation of GASB Statement No. 54	60,824	-60,824
Balances July 1, 2010, as restated	<u>\$ 365,224</u>	<u>\$ -</u>

(17) Contingencies

The District may be required to repay approximately \$975,000 to FEMA for de-obligated funding of on the temporary facilities project due to the May 25, 2008 tornado. The District is in the process of a second appeal with FEMA at the date of this report.

Required Supplementary Information

Aplington-Parkersburg Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year Ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 4,629,280	\$ 266,912
Intermediate sources	-	-
State sources	3,942,740	4,007
Federal sources	480,797	189,945
Total Receipts	<u>\$ 9,052,817</u>	<u>\$ 460,864</u>
Disbursements:		
Instruction	\$ 5,303,826	\$ -
Support services	2,154,105	-
Non-instructional programs	9,925	450,422
Other expenditures	1,258,530	-
Total Disbursements	<u>\$ 8,726,386</u>	<u>\$ 450,422</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 326,431	\$ 10,442
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditure/expenses and other financing uses	\$ 326,431	\$ 10,442
Balances beginning of year	\$ 1,498,222	\$ 53,595
Prior period adjustment	<u>-11,380</u>	<u>-</u>
Adjusted beginning of year	<u>\$ 1,486,842</u>	<u>\$ 53,595</u>
Balances End of Year	<u>\$ 1,813,273</u>	<u>\$ 64,037</u>

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final to Actual Variance
\$	4,896,192	\$	4,774,677	\$	121,515
	-		-		-
	3,946,747		4,186,469		-239,722
	670,742		1,302,000		-631,258
\$	9,513,681	\$	10,263,146	\$	-749,465
<hr/>					
\$	5,303,826	\$	5,806,000	\$	502,174
	2,154,105		2,148,874		-5,231
	460,347		410,000		-50,347
	1,258,530		3,576,236		2,317,706
\$	9,176,808	\$	11,941,110	\$	2,764,302
<hr/>					
\$	336,873	\$	-1,677,964	\$	2,014,837
	-		824,593		-824,593
<hr/>					
\$	336,873	\$	-853,371	\$	1,190,244
\$	1,551,817	\$	2,241,147	\$	-689,330
	-11,380		-		-11,380
<hr/>					
\$	1,540,437	\$	2,241,147	\$	-700,710
<hr/>					
\$	1,877,310	\$	1,387,776	\$	489,534
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Aplington-Parkersburg Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures in the support services and non-instructional programs functions exceeded the amounts budgeted.

Aplington-Parkersburg Community School District

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information

June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$807	\$807	0.0%	\$3,369	24%
2011	July 1, 2009	\$-	\$807	\$807	0.0%	\$3,559	23%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Aplington-Parkersburg Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 151,690	\$ 150,863	\$ 302,553
Receivables:			
Property Tax:			
Delinquent	3,173	-	3,173
Succeeding year	250,001	-	250,001
Accounts	-	175	175
Total Assets	\$ 404,864	\$ 151,038	\$ 555,902
Liabilities & Fund Equity			
Liabilities:			
Accounts payable	\$ -	\$ 1,026	\$ 1,026
Salaries and benefits payable	23,217	-	23,217
Deferred Revenue:			
Succeeding year property tax	250,001	-	250,001
Total liabilities	\$ 273,218	\$ 1,026	\$ 274,244
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 131,646	\$ -	\$ 131,646
Student activities	-	150,012	150,012
Total fund balances	\$ 131,646	\$ 150,012	\$ 281,658
Total Liabilities and Fund Equity	\$ 404,864	\$ 151,038	\$ 555,902

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds**

Year Ended June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local Sources:			
Local tax	\$ 249,829	\$ -	\$ 249,829
Other	237	245,813	246,050
State sources	154	-	154
Total Revenues	\$ 250,220	\$ 245,813	\$ 496,033
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 61,559	\$ -	\$ 61,559
Other instruction	-	258,426	258,426
Support Services:			
Operation & maintenance of plant services	70,240	-	70,240
Transportation services	17,182	-	17,182
Non-instructional	9,925	-	9,925
Total Expenditures	\$ 158,906	\$ 258,426	\$ 417,332
Excess (deficiency) of revenues over (under) expenditures	\$ 91,314	\$ -12,613	\$ 78,701
Fund balances beginning of year, as restated	\$ 40,331	\$ 162,625	\$ 202,956
Prior period adjustment	1	-	1
Adjusted fund balance beginning of year, as restated	\$ 40,332	\$ 162,625	\$ 202,957
Fund Balance End of Year	\$ 131,646	\$ 150,012	\$ 281,658

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 200,221	\$ 63,257	\$ 263,478
Receivables:			
Property Tax:			
Delinquent	-	840	840
Succeeding year	-	77,219	77,219
Due from other governments	240,107	-	240,107
Due from other funds	900	25,516	26,416
Total Assets	\$ 441,228	\$ 166,832	\$ 608,060
Liabilities & Fund Equity			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	\$ 77,219	\$ 77,219
Total Liabilities	\$ -	\$ 77,219	\$ 77,219
Fund Balances:			
Restricted for:			
School infrastructure	\$ 441,228	\$ -	\$ 441,228
Physical plant and equipment	-	89,613	89,613
Total fund balances	\$ 441,228	\$ 89,613	\$ 530,841
Total Liabilities and Fund Balances	\$ 441,228	\$ 166,832	\$ 608,060

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts**

Year Ended June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 584,845	\$ 69,517	\$ 654,362
Other	3,337	-	3,337
State sources	-	42	42
Total Revenues	\$ 588,182	\$ 69,559	\$ 657,741
Expenditures:			
Support Services:			
Instructional staff services	\$ -	\$ 10,419	\$ 10,419
Operation and maintenance of plant services	-	16,875	16,875
Other Expenditures:			
Facilities acquisition	1,192	13,476	14,668
Total Expenditures	\$ 1,192	\$ 40,770	\$ 41,962
Excess (deficiency) of revenues over (under) expenditures	\$ 586,990	\$ 28,789	\$ 615,779
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ -450,162	\$ -	\$ -450,162
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 136,828	\$ 28,789	\$ 165,617
Fund balances beginning of year, as restated	304,400	60,824	365,224
Fund Balances End of Year	\$ 441,228	\$ 89,613	\$ 530,841

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 36,612	\$ 77,656	\$ 85,834	\$ -	\$ 28,434
Music	18,468	3,420	219	-	21,669
Wellness	620	-	-	-	620
All weather track	1,258	8	-	-	1,266
Class of 2011	1,658	569	1,550	-677	-
Class of 2012	6,215	4,855	5,964	-	5,106
Class of 2013	1,374	406	514	985	2,251
Class of 2014	1,767	406	542	1,238	2,869
Class of 2015	1,524	857	1,036	100	1,445
Class of 2016	4,717	1,408	224	-	5,901
Class of 2017	-	1,033	-	1,524	2,557
High School Library	-	2,000	1,557	-	443
National Honor Society	2,003	1,453	994	-	2,462
Student Senate	1,195	2,198	2,576	-	817
Future Farmers of America	5,498	12,974	13,988	-	4,484
Cheerleaders	1,728	2,401	2,328	-	1,801
Musical	4,417	-	515	-	3,902
Drill Team	3,996	6,495	7,845	-	2,646
Spanish Club	5,270	15,810	16,793	-	4,287
Speech & Drama	4,138	2,366	1,292	-	5,212
Concessions	60	16,446	14,946	-	1,560
Popper	510	-	-	-	510
Towel	2,170	-	-	-2,170	-
Elementary	8,959	4,636	3,558	-	10,037
Band trip	1,258	707	-	-	1,965
General Athletic	-	28,711	33,227	5,875	1,359
Lift-A-Thon	7,250	3,166	4,019	-	6,397
S.A.D.D.	46	259	143	-	162
First Aid	3,705	-	-	-3,705	-
N.F.L.	16,529	2,400	10,273	-	8,656
Greenhouse	1,556	-	-	-	1,556
High School Activity	482	842	-	677	2,001
Industrial Arts Projects	1,501	553	818	-	1,236
SAGA	20	-	-	-	20
Field Maintenance	1,050	1,028	2,000	-	78
Middle School:					
Athletics	27	-	-	-	27
Special needs athletics	-	-	-	-	-
Promotion	312	-	-	-	312
Drama	-	698	162	-	536
Student Council	4,076	1,728	3,114	961	3,651
Athletic resale	59	-	-	-	59
Magazine sales	69	12,650	7,891	-4,808	20
Library	2,887	3,785	3,505	-	3,167
D C Trip	2,909	26,338	27,086	-	2,161

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2011

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Middle School (continued):					
Juice sales	\$ 401	\$ -	\$ -	\$ -263	\$ 138
Pop sales	-	417	680	263	-
Pictures	467	1,817	1,349	-	935
Vocal music	326	198	-	-	524
Band	823	285	-	-	1,108
Elementary:					
Pictures	1,487	-	-	-1,487	-
Summer program	267	-	-	-267	-
ATOM Elementary project	811	2,758	1,884	1,904	3,589
ATOM Elementary Ram	150	-	-	-150	-
Parkersburg Library	-	76	-	-	76
Total	\$ 162,625	\$ 245,813	\$ 258,426	\$ -	\$ 150,012

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds**

For the Last Eight Years

	Modified Accrual Basis			
	2011	2010	2009	2008
Revenues:				
Local Sources:				
Local tax	\$ 3,825,236	\$ 3,493,130	\$ 3,364,364	\$ 3,408,697
Tuition	379,206	361,955	318,896	318,678
Other	424,838	621,888	1,070,971	552,681
Intermediate sources	-	-	-	-
State sources	3,942,740	3,402,325	4,006,833	3,960,837
Federal sources	480,797	2,311,745	634,407	158,221
Total	\$ 9,052,817	\$ 10,191,043	\$ 9,395,471	\$ 8,399,114
Expenditures:				
Instruction:				
Regular instruction	\$ 3,478,937	\$ 4,173,767	\$ 3,768,659	\$ 3,260,757
Special instruction	817,305	864,670	876,402	845,460
Other instruction	1,007,584	1,151,037	1,190,256	886,436
Support services:				
Student services	182,141	40,331	40,694	59,355
Instructional staff services	189,895	313,482	317,245	271,993
Administrative services	703,798	735,020	686,580	611,976
Operation and maintenance of plant services	738,355	787,603	1,393,633	732,427
Transportation services	339,916	305,513	566,420	293,809
Non-instructional programs	9,925	7,757	7,690	7,075
Other expenditures:				
Facilities acquisition	173,083	4,115,969	19,035,478	1,163,712
Long-term debt:				
Principal	325,000	210,000	1,130,000	1,400,000
Interest and other charges	429,305	337,950	176,116	95,620
AEA flow-through	331,142	327,394	273,857	260,889
Total	\$ 8,726,386	\$ 13,370,493	\$ 29,463,030	\$ 9,889,509

See accompanying independent auditor's report.

Modified Accrual Basis			
2007	2006	2005	2004
\$ 3,241,494	\$ 3,116,380	\$ 2,833,215	2,891,080
345,948	320,342	298,814	314,914
487,570	466,783	382,787	792,664
-	-	-	-
3,796,150	3,730,438	3,640,225	3,194,555
170,914	170,888	250,388	224,896
<u>\$ 8,042,076</u>	<u>\$ 7,804,831</u>	<u>\$ 7,405,429</u>	<u>7,418,109</u>

\$ 3,198,502	\$ 3,146,628	\$ 3,220,726	3,084,911
915,034	806,494	736,950	1,362,937
873,667	788,842	774,968	545,102
102,868	229,827	221,810	127,511
245,754	295,706	280,722	306,411
598,455	712,495	677,074	795,733
692,113	747,734	637,839	623,781
487,279	379,475	255,392	308,478
6,609	6,107	4,571	2,188
225,179	152,468	67,076	48,764
175,000	170,000	286,967	251,835
72,825	80,560	93,486	130,622
249,614	240,057	238,210	240,613
<u>\$ 7,842,899</u>	<u>\$ 7,756,393</u>	<u>\$ 7,495,791</u>	<u>7,828,886</u>

Aplington-Parkersburg Community School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Grantor/Program	CFDA Number	Grant Number	Expendi tures	
Indirect:				
US Department of Agriculture:				
Iowa Department of Education:				
School Breakfast Program	10.553	FY11	\$ 19,344	
National School Lunch Program	10.555	FY11	170,105	*
Team Nutrition Training Grants	10.574	FY11	496	
			<u>\$ 189,945</u>	
US Department of Education:				
Iowa Department of Education:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	FY11	\$ 64,077	
ARRA – Title I Grants to Local Educational Agencies – Recovery Act	84.389	FY11	20,450	
			<u>\$ 84,527</u>	
Career and Technical Education – Basic Grants to States	84.048	FY11	\$ 6,775	
Improving Teacher Quality State Grants	84.367	FY11	\$ 32,742	
Title IV Assessment	84.369	FY11	\$ 5,187	
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	84.394	FY11	\$ 40,156	
ARRA – State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	84.397	FY11	\$ 35,817	
Education Jobs Funds	84.410	FY11	\$ 152,583	
Area Education Agency 267:				
Special Education – Grants to States	84.027	FY11	\$ 39,671	**
ARRA – Special Education – Grants to States- Recovery Act	84.391	FY11	\$ 43,710	**
US Department of Homeland Security:				
Iowa Department of Public Defense:				
Iowa Homeland Security and Emergency Management Division:				
Disaster Grants – Public Assistance (FEMA) (Presidentially Declared Disasters)	97.036	FY11	\$ 39,629	
Total			<u>\$ 670,742</u>	

*- Includes \$3,746 of non-cash awards.

**- Total for CFDA Number 84.391 is \$43,710 and total for Special Education Cluster (IDEA) is \$83,381.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Aplington-Parkersburg Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated January 26, 2012. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Aplington-Parkersburg Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting I consider to be material weaknesses and other deficiencies I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-11 to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Aplington-Parkersburg Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Aplington-Parkersburg Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Aplington-Parkersburg Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Aplington-Parkersburg Community School District and other parties to whom Aplington-Parkersburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Aplington-Parkersburg Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

January 26, 2012

**Independent Auditor's Report on Compliance with Requirements That Could Have
A Direct or Material Effect on Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Independent Auditor's Report on Compliance with Requirements That Could Have
A Direct or Material Effect on Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Aplington-Parkersburg Community School District:

Compliance

I have audited the compliance of Aplington-Parkersburg Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Aplington-Parkersburg Community School District's major federal program are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Aplington-Parkersburg Community School District's management. My responsibility is to express an opinion on Aplington-Parkersburg Community School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Aplington-Parkersburg Community School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Aplington-Parkersburg Community School District's compliance with those requirements.

In my opinion, Aplington-Parkersburg Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Aplington-Parkersburg Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Aplington-Parkersburg Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over compliance.

My consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, I identified a deficiency in internal control over compliance that I consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item III-A-11 to be a material weakness.

Aplington-Parkersburg Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Aplington-Parkersburg Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Aplington-Parkersburg Community School District and other parties to whom Aplington-Parkersburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



Keith Oltrogge
Certified Public Accountant

January 26, 2012

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2011

Part I – Summary of the Independent Auditor’s Results:

- a) Unqualified opinions were issued on the financial statements.
- b) A significant deficiency and a material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.410 – Education Jobs Fund
 - Clustered Programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.574 – Team Nutrition Training Grants
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Aplington-Parkersburg Community School District did not qualify as a low-risk auditee.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2011

Part II – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

II-B-11 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small schools and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2011

Part III – Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Programs
CFDA Number 10.574: Team Nutrition Training Grants
Federal Award Year: 2011
US Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.410: Education Jobs Funds
Federal Award Year: 2011
US Department of Education
Passed through the Iowa Department of Education

III-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2011

Part IV - Other Findings Related to Statutory Reporting:

IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 exceed the certified budget amounts in the support services and non-instructional programs.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

IV-B-11 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Calvin Voss – Board Member & Owner of Voss Repair	Repairs and maintenance	<u>\$4,511</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction does not appear to represent a conflict of interest.

IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2011

Part IV - Other Findings Related to Statutory Reporting (continued):

IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather the supplement other funds.

According to proposed administrative rules, “Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting.” I noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation – All categorical funding expenditures should be posted to the correct expenditure account as the expenditures are incurred.

Response – We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion – Response accepted.

IV-L-11 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	304,400
Revenues/transfers in:			
Sales tax revenues	\$	386,921	
Other local revenues		3,337	
School infrastructure supplemental amount		197,924	588,182
		\$	892,582
Expenditures/transfers out:			
School infrastructure construction	\$	1,192	
Transfers to other funds:			
Debt service fund		450,162	451,354
Ending balance		\$	441,228

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2011

Part IV - Other Findings Related to Statutory Reporting (continued):

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.93429	\$ 584,845
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

IV-M-11 Deficit Balances – The Disaster Recovery Tornado Fund had a deficit balance of \$816,199 at June 30, 2011.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate this deficit in order to return the fund to a sound financial condition.

Response – We are working on this.

Conclusion – Response accepted.